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BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE
ChairmanBOB STUMP
CommissionerSANDRA D. KENNEDY
CommissionerPAUL NEWMAN
CommissionerBRENDA BURNS
Commissioner

Arizona Corporation Commission

DOCKETED

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IN THE MATTER OF THE APPLICATION
OF SAHUARITA WATER COMPANY,
L.L.C. FOR AN OPINION AND ORDER OF
THE COMMISSION (i) DETERMINING
THE FAIR VALUE OF THE UTILITY
PROPERTY FOR RATEMAKING
PURPOSES, (ii) FIXING A JUST AND
REASONABLE RATE OF RETURN
THEREON, (iii) APPROVING RATES AND
CHARGES DESIGNED TO PRODUCE
REVENUES SUFFICIENT TO RECOVER
COST OF SERVICE AND AUTHORIZED
RATE OF RETURN, AND (iv) PROVIDING
FOR THE RECOVERY OF CERTAIN
FINANCINGS AND OPERATING
EXPENSES THROUGH A SURCHARGE

DOCKET NO. W-03718A-09-0359

DECISION NO. 72204ORDER

Open Meeting
February 17, 2011
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACTA. Introduction

1. At the Open Meeting of February 1-2, 2011, the Arizona Corporation Commission ("Commission") authorized Sahuarita Water Company, LLC ("Sahuarita" or "Company") to implement, after Commission approval, a Central Arizona Groundwater Replenishment District ("CAGRD") adjustor fee for its Tucson Active Management Area ("AMA"), subject to the conditions recommended by Staff.

B. Calculation of the CAGR Adjustor Fees

2. At the February 2, 2011 Open Meeting, the Commissioners agreed that the collection period for the CAGR adjustor fee should begin on March 1, 2011. Since the implementation date only provides for seven (7) months of recovery in the initial recovery year, the Commissioners determined that any under collection in the initial year should be included in the amount recognized for recovery in the following year. Staff's calculation of the initial CAGR adjustor fee is shown below.

Tucson AMA

3. The initial CAGR fee is calculated by dividing the total CAGR fees for 2009 by the gallons sold in the year. The CAGR invoiced to the Company for the 2009 annual replenishment assessment for the Tucson AMA totaled \$200,489 (Water Replenishment, \$82,429; Administrative, \$20,209; Infrastructure, \$69,666; and Replenishment Reserve, \$28,185) for 532 acre-feet of excess groundwater.

4. The Company in its 2009 annual report filed with the Arizona Corporation Commission indicates that it sold 509,132 thousand gallons of water to customers.

5. Staff's calculation of the CAGR adjustor fee is shown below. The fee for a customer in the Tucson AMA is \$0.394 per 1,000 gallons.

A	Total CAGR Fees	\$ 200,489
B	Total Gallons Sold (1,000s)	509132
C	Charge per 1,000 gallons (A ÷ B)	\$ 0.394

CONCLUSIONS OF LAW

1. The Company is a public water service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. 40-250 and 40-252.

2. The Commission has jurisdiction over the Company and the subject matter of the application.

3. Approval of the proposed CAGR adjustor fees is consistent with the Commission's authority under the Arizona Constitution, Arizona ratemaking statutes, and applicable case law.

1 4. It is in the public interest to approve the Company's request for implementation of
2 the CAGR D adjustor fees as discussed herein.

3 ORDER

4 IT IS THEREFORE ORDERED that the CAGR D adjustor fee for Sahuarita Water
5 Company, LLC shall be \$0.394 per 1,000 gallons for all customer billings beginning March 1,
6 2011.

7 IT IS FURTHER ORDERED that the CAGR D fee shall be shown as a separate line item
8 on customers bills.

9 IT IS FURTHER ORDERED that Sahuarita Water Company, LLC docket with the
10 Commission as a compliance matter, within seven (7) days of the effective date of this Decision, a
11 CAGR D adjustor fee tariff consistent with the rate approved herein.

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1 IT IS FURTHER ORDERED that Sahuarita Water Company, LLC shall notify its
2 customers of the CAGR D adjustor fee approved herein within 30 days of the effective date of this
3 Decision.

4 IT IS FURTHER ORDERED that this Decision become effective immediately.

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6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN

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COMMISSIONER

11 COMMISSIONER

12 COMMISSIONER

13 
COMMISSIONER

14 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
15 Executive Director of the Arizona Corporation Commission,
16 have hereunto, set my hand and caused the official seal of
17 this Commission to be affixed at the Capitol, in the City of
18 Phoenix, this 3rd day of MARCH, 2011.

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20 ERNEST G. JOHNSON
21 EXECUTIVE DIRECTOR

22 DISSENT: 

23 DISSENT: 

24 SMO:JMM:lhmm\WVC
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1 SERVICE LIST FOR: Sahuarita Water Company, LLC
2 DOCKET NO. W-03718A-09-0359

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